

US natgas pipelines to spend \$68 bln on expansion

WASHINGTON, Jan 16 (Reuters)

To meet rising demand for natural gas, U.S. and Canadian energy firms will invest nearly \$68 billion by 2015 to expand pipelines and storage facilities, according to an industry study released on Wednesday.

The industry will need to spend \$67.9 billion, or an average of \$4.5 billion annually, according to the Interstate Natural Gas Association of America (INGAA).

Of the total \$67.9 billion in spending over the 15-year period, \$47.7 billion will be for gas pipelines and transmission capacity. Most of that will be to build new capacity, it said.

The increase in new and expanded pipelines and storage reflects growing U.S. demand for natural gas.

Driven by strong industrial demand and increased utility reliance on natural gas as the fuel of choice for power generation, U.S. natural gas demand will rise over 34 percent between 2000 and 2015.

That means a jump to 31.3 trillion cubic feet (tcf) per year by 2015, the trade group said in the study.

Meeting that growth will be a challenge for the U.S. industry, which will likely see increased pressure on equity prices and a higher cost of capital "for at least the near-term," INGAA said.

By 2015, industrial demand will rise nearly 21 percent to 10.5 Tcf, it said.

Power generation demand will more than double to 8.6 Tcf, and residential and commercial demand will rise 14 percent and 16 percent respectively from 2000 levels, the report said.

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